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background notes

Japan

United States Department of State
Bureau of Public Affairs

February 1989

Official Name:
Japan

PROFILE

Geography

Area: 377,765 sq. km. (145,856 sq. mi.); slightly smaller than California. **Cities:** *Capital*—Tokyo. *Other major cities*—Yokohama, Osaka, Nagoya, Sapporo, Kobe, Kyoto. **Terrain:** Rugged, mountainous islands. **Climate:** Varies from subtropical to temperate.

People

Nationality: *Noun and adjective*—Japanese. **Population** (mid-1987 est.): 122,090,000. **Annual growth rate** (1987): 0.5%. **Ethnic groups:** Japanese; Korean 0.6%. **Religions:** Shintoism and Buddhism; Christian 0.8%. **Language:** Japanese. **Education:** *Literacy*—100%. *Life expectancy* (1987)—males 75.6 yrs., females 81.4 yrs. **Work force** (60.7 million, 1988): *Agriculture*—7.9%. *Trade, manufacturing, mining, and construction*—32.4%. *Services*—43.3%. *Government*—7.2%.

Government

Type: Parliamentary democracy.
Constitution: May 3, 1947.

Branches: *Executive*—prime minister (head of government). *Legislative*—bicameral Diet (House of Representatives and House of Councillors). *Judicial*—Civil law system with Anglo-American influence.

Subdivisions: 47 prefectures.

Political parties: Liberal Democratic Party (LDP), Japan Socialist Party (JSP), Democratic Socialist Party (DSP), Komeito (Clean Government Party), Japan Communist Party (JCP). **Suffrage:** Universal over 20.

Flag: Red sun on white field.

Economy

GNP (1988): $2,865 trillion. **Real growth rate:** 6.0% (1988); 4.3% (1978-88). **Per capita GNP** (1988): $23,356.

Natural resources: Negligible mineral resources, fish.

Agriculture: *Products*—rice, vegetables, fruits, milk, meat, silk.

Industry: *Types*—machinery and equipment, metals and metal products, textiles, autos, chemicals, electrical and electronic equipment.

Trade (1988): *Exports*—$266.2 billion: motor vehicles, machinery and equipment, electrical and electronics products, metals and metal products. *Major markets*—US 33.8%, EC 21.1%, developing countries 33.6%, communist countries 5.2%. *Imports*—$187.5 billion: fossil fuels, metal ore, raw materials, foodstuffs, machinery and equipment. *Major suppliers*—US 22.4%, EC 16.3%, developing countries 42%, communist countries 7.4%.

Fiscal year: April 1–March 31.

Exchange rate (avg. 1988): 128.5 yen = US$1.

Total net official development assistance: $7.4 billion (1987 disbursements 0.31% of GNP).

Membership in International Organizations

UN and several of its specialized and related agencies, including the International Monetary Fund (IMF), International Court of Justice (ICJ), General Agreement on Tariffs and Trade (GATT), International Labor Organization (ILO); International Energy Agency (IEA); Organization for Economic Cooperation and Development (OECD); INTELSAT.

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S1.123:

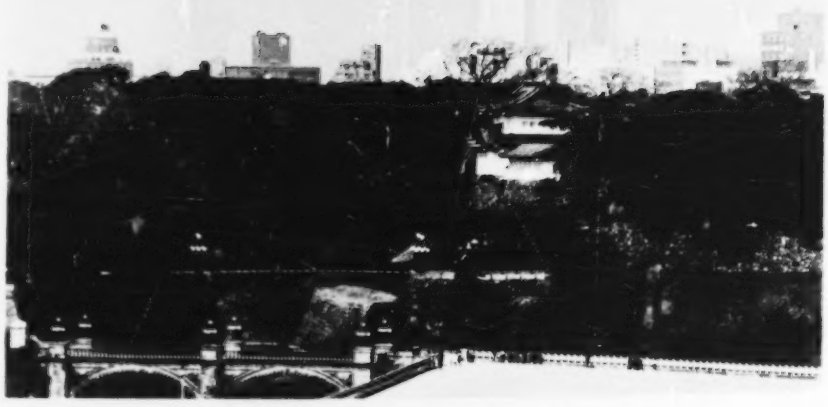
JAPAN
International boundary
National capital
Railroad
Road
International airport
0 100 200 Miles
0 100 200 Kilometers
Boundary representation is not necessarily authoritative.
Soviet Union
China
North Korea
South Korea
Sea of Japan
Yellow Sea
East China Sea
Philippine Sea
North Pacific Ocean
Honshu
Hokkaido
Shikoku
Kyushu
RYUKYU ISLANDS
Sakhalin
La Perouse Strait
Wakkanai
Asahikawa
Sapporo
Kushiro
Hakodate
Tsugaru-kaikyō
Aomori
Akita
Morioka
Sendai
Niigata
Iwaki
Utsunomiya
Kanazawa
Nagano
TOKYO
Yokohama
Gifu
Nagoya
Shizuoka
Hamamatsu
Kyoto
Osaka
Kobe
Okayama
Hiroshima
Tottori
Tokushima
Matsuyama
Uwajima
Oita
Fukuoka
Kitakyushu
Kumamoto
Nagasaki
Sasebo
Kagoshima
Tsushima
Cheju-do
Korea Strait
Fukue-shima
Goto-shima
Sumasu-jima
Tori-shima
Bonin Islands (Ogasawara-shotō)
Volcano Islands (Kazan-rettō)
Iwo Jima
Nahoto-shima
Daitō-jima
Okino-daitō-jima
Amami-shotō
Okinawa-shotō
Naha
Senkaku-shotō
Sakishima-shotō
Tokara-rettō
Ōsumi-shotō
Harbin
Changchun
Jilin
Shenyang
Anshan
Ch'ŏngjin
Hamhŭng
Wŏnsan
PYŎNGYANG
Sin'ŭiju
Demarcation Line
SEOUL
Inch'ŏn
Taejŏn
Taegu
Pusan
Kwangju
Mokp'o
Ullŭng-do
Liancourt Rocks
OKI-GUNTŌ
Madanjiang
Lake Khanka
Vladivostok
Nakhodka
130
140
40
30

GEOGRAPHY

Japan, a chain of rugged islands, lies in a 3,200-kilometer (2,000 mi.)-long arc off the east coast of Asia. It comprises four main islands—Hokkaido, Honshu, Shikoku, and Kyushu—and more than 3,900 smaller islands, at about the same latitudes as the United States.

About four-fifths of the country is mountainous, including many dormant and a few active volcanos. Japan's unstable geological position causes occasional earthquakes; about 1,500 seismic occurrences—mostly tremors—take place in and around Japan every year.

Japan's climate ranges from subtropical on Okinawa, similar to southern Florida, to cool on Hokkaido, like southern Maine. Most of Japan is dominated by the Asiatic monsoon, which brings a pronounced summer rainy season (most intense in early July) and mild, sunny winters. Rainfall throughout the country is at least 100 centimeters (40 in.) per year.



Shinjuku skyscrapers tower above the famous "double bridge," entrance to the Imperial Palace grounds.

PEOPLE

Japan is one of the most densely populated nations in the world, with 317.7 persons per square kilometer (822.9 persons per sq. mi.). The growth rate has stabilized at about 0.5% in recent years, due in part to government support of birth control and family planning programs.

The Japanese are a Mongoloid people, closely related to the major groups of East Asia. However, some evidence also exists of admixture with Malayan and Caucasoid strains. About 675,000 Koreans and much smaller groups of Chinese and Caucasians reside in Japan.

Religion

Buddhism is important in Japan's religious life and has exerted profound influence on fine arts, social institutions, and thought. Most Japanese still consider themselves members of one of the major Buddhist sects.

Shintoism is an indigenous religion founded on myths, legends, and ritual practices of the early Japanese. Neither Buddhism nor Shintoism is an exclusive religion; most Japanese observe both Buddhist and Shinto rituals, the former for funerals and the latter for births, marriages, and other occasions. Confucianism, more an ethical system than a religion, continues to have a basic and pervasive influence on Japanese thought.

About 1.5 million people in Japan are Christians, of whom approximately 60% are Protestant and 40% Roman Catholic.

Education

Japan provides free public schooling for all children through 6 years of elementary school and 3 years of junior high school. Ninety-four percent of students go on to 3-year senior high schools, and those able to pass the difficult entrance examinations enter 4-year universities or 2-year junior colleges. Students may attend either public or private high schools, colleges, and universities, but they must pay tuition. Japan enjoys one of the world's highest literacy rates; nearly 90% of Japanese students complete high school.

Buddhist monk at Asakusa Temple, Tokyo. (Photo courtesy U.S. Embassy)

Inokashira Park, Kichijoji.

The Noh Theater, oldest dramatic form preserved by the Japanese, attained its contemporary form during the 14th century. A principal character and a secondary figure recite and dance, while a seated chorus chants the story to the solemn music of a flute and drum.

Communications

Mass communications in Japan are more extensive than those of most other advanced, industrial nations. The mass media are highly competitive, even though they are considerably dominated by four national daily newspapers—the *Yomiuri*, the *Asahi*, the *Mainichi*, and the *Nihon Keizai Shimbun*—with individual circulations of 4–14 million (combined morning and evening editions). These newspapers and several smaller ones publish weekly magazines and have interests in commercial radio and television. The combined circulation of Japan's 178 newspapers totals more than 65 million (in a nation of 120 million people), and Japan publishes more than 3,500 magazines.

Radio and television follow the British pattern, with a nationwide, government-owned network competing with commercial networks. The Japanese motion picture and publishing industries rank among the largest in the world. With more than 31,000 new titles published in 1983, the Japanese publishing industry creates more new titles each year than the United States.

Social Welfare

In Japan, as in other parts of Asia, care of the sick, aged, and infirm until recently has been the responsibility of families, employers, or private organizations. However, to meet the needs of an urbanized, modern industrial society, this system has changed greatly, and the government conducts a broad range of modest, but successful, social welfare programs. These include health insurance, old-age pensions, a minimum wage law, and the operation of various hospitals and institutions for orphans, the handicapped, and the elderly. All major political parties are committed to providing increased and more effective social welfare services.

HISTORY

Traditional Japanese records contain the legend that the nation was founded in 600 B.C. by the Emperor Jimmu, a direct descendant of the Sun Goddess and ancestor of the present ruling imperial family. About A.D. 405, the Japanese court officially adopted the Chinese writing system. During the sixth century A.D., Buddhism was introduced. These two events revolutionized Japanese culture and marked the beginning of a long period of Chinese cultural influence, which resulted in a strong affinity for China.

From the establishment of the first fixed capital at Nara in A.D. 710 until 1867, the emperors of the Yamato dynasty were the nominal rulers, but actual power was usually held by powerful court nobles, regents, or "shoguns" (military governors).

Contact With the West

The first contact with the West occurred about 1542, when a Portuguese ship, blown off its course to China, landed in Japan. During the next century, traders from Portugal, the Netherlands, England, and Spain arrived, as did Jesuit, Dominican, and Franciscan missionaries. During the early part of the 17th century, growing suspicions that the traders and missionaries were actually forerunners of a military conquest by European powers caused the shogunate to place foreigners under progressively tighter restrictions. This culminated in expulsion of all foreigners and severing of all relations with the outside world, except severely restricted commercial contacts with Dutch and Chinese merchants at Nagasaki. This isolation lasted for 200 years, until Commodore Matthew Perry of the U.S. Navy forced the opening of Japan to the West and negotiated the Convention of Kanagawa in 1854.

Renewed contact with the West profoundly altered Japanese society. In 1868, the shogun was forced to resign, and an emperor was restored to power. The feudal system subsequently was abolished, and many Western institutions were adopted, including a Western legal system and constitutional government along quasi-parliamentary lines.

The Meiji Constitution initiated many reforms. Eventually, in 1898, the last of the galling "unequal treaties" with Western powers was removed, signaling Japan's new status among the nations of the world. In a few decades, by creating modern social, educational, economic, military and industrial systems, the Emperor Meiji's "controlled revolution" had transformed a feudal and isolated state into a world power.

Wars With China and Russia

Japanese leaders of the late 19th century, alert to internal and Western "power politics," regarded the Korean Peninsula as a "dagger pointed at the heart of Japan." It was over Korea that Japan became involved in war with the Chinese Empire in 1894–95 and with Russia in 1904–05. The war with China established Japan's dominant interest in Korea, while giving it the Pescadores Islands and Formosa as well. Japan defeated Russia in the 1904–05 war, and the resulting Treaty of Portsmouth awarded Japan certain rights in Manchuria and in southern Sakhalin, which Russia had received in 1875 in exchange for the Kurile Islands. Both wars gave Japan a free hand in Korea, which it formally annexed in 1910.

World War I to the Present

World War I permitted Japan, which fought on the side of the victorious Allies, to expand its influence in Asia and its territorial holdings in the Pacific. The postwar era brought unprecedented prosperity to the country. Japan went to the peace conference at Versailles in 1919 as one of the great military and industrial powers of the world and received official recognition as one of the "Big Five" of the new international order. It joined the League of Nations and received a mandate over Pacific islands north of the Equator formerly held by Germany.

During the 1920s, the country progressed toward establishing a democratic system of government. However, parliamentary government was not rooted deeply enough to withstand the economic and political pressures of the 1930s. During this period, military leaders were increasingly influential.

Kaneiji pagoda in Tokyo's Ueno Park framed by April's cherry blossoms.

Japan invaded Manchuria in 1931 and set up the state of Manchukuo. In 1933, it resigned from the League of Nations. The Japanese invasion of China in 1937 followed Japan's signing the "anti-Comintern pact" with Nazi Germany the previous year and was part of a chain of developments culminating in the Japanese attack on Pearl Harbor on December 7, 1941. After 3 years and 9 months of war, resulting in the loss of 3 million Japanese lives and including the atomic bombings of Hiroshima and Nagasaki, Japan signed an instrument of surrender on the

Diet building, seat of Japan's two-house parliamentary government.

U.S.S. *Missouri* in Tokyo Harbor on September 2, 1945.

As a result of World War II, Japan lost all of its overseas possessions and retained only the home islands. Manchukuo was dissolved, and Manchuria was returned to China; Japan renounced all claims to Formosa; Korea was granted independence; southern Sakhalin and the Kuriles were occupied by the U.S.S.R.; and the United States became the sole administering authority of the Ryukyu, Bonin, and Volcano Islands. The United States returned control of these islands to Japan by 1972 with the reversion of Okinawa.

After the war, Japan was placed under international control of the Allied Powers through the Supreme Commander for the Allied Powers, Gen. Douglas MacArthur. U.S. objectives were to ensure that Japan would become a peaceful nation and to establish democratic self-government supported by the freely expressed will of the people. Political, economic, and social reforms were introduced. The method of ruling through Japanese officials and a freely elected Japanese Diet (legislature) afforded a progressive and orderly transition from the stringent controls immediately following the surrender to the restoration of full sovereignty when the treaty of peace with Japan went into effect on April 28, 1952.

Since then, Japan has been ruled by conservative governments that maintain close cooperation with the West. The institutions of parliamentary democracy have become progressively stronger. The post-treaty period also has been marked by tremendous economic growth.

GOVERNMENT

Japan's parliamentary government—a constitutional monarchy—operates within the framework of a constitution that became effective on May 3, 1947. Sovereignty, previously embodied in the emperor, is vested in the Japanese people, and the emperor is defined as the symbol of the state. Japan has universal adult suffrage with a secret ballot for all elective offices. The government consists of an executive branch, responsible to the Diet, and an independent judicial branch. The government is essentially patterned on the British parliamentary model, with a House of Representatives and a House of Councillors.

Executive power is vested in a cabinet composed of a prime minister and ministers of state, all of whom must be civilians. The prime minister, who must be a member of the Diet, is appointed by the emperor on designation by the Diet and has the power to appoint and remove ministers, the majority of whom must be from the Diet.

Japan's judicial system, based on the model of Roman law, consists of several levels of courts, with the Supreme Court as the final judicial authority. The Japanese constitution includes a bill of rights similar to the U.S. Bill of Rights, and the Supreme Court has the right of judicial review. Japanese courts do not use a jury system, and there are no administrative courts or claims courts. Because of the system's basis in Roman law, court decisions are made in accordance with statute law, and only Supreme Court decisions have any direct effect on later interpretation of points of law.

The constitution requires that regulations for the organization and administration of local governments be "in accordance with the principle of local autonomy." However, Japan does not have a federal system, and its 47 prefectures are not sovereign entities in the sense that U.S. States are. Most are not financially self-sufficient but depend on the central government for subsidies. Governors of prefectures, mayors of municipalities, and prefectural and municipal assembly members are popularly elected for 4-year terms.

Principal Government Officials

Prime Minister—Noboru Takeshita

Cabinet

Justice—Masami Takatsuji
Foreign Affairs—Sousuke Uno
Finance—Tatsuo Murayama
Education—Takeo Nishioka
Health and Welfare—Junichiro Koizumi
Agriculture, Forests and Fisheries—Tsutomu Hata
International Trade and Industry—Hiroshi Mitsuzuka
Transportation—Shinji Sato
Posts and Telecommunications—Seiichi Kataoka
Labor—Hyosuke Niwa
Construction—Hikosaburo Okonogi
Home Affairs—Shigenobu Sakano
Chief Cabinet Secretary—Keizo Obuchi
Management and Coordination—Saburo Kanemaru
National Land—Hideo Utsumi
Defense—Kichiro Tazawa
Economic Planning—Koichiro Aino
Science and Technology—Moichi Miyazaki
Environment—Masahisa Aoki
Hokkaido/Okinawa—Chikao Sakamoto

LDP Officers

Secretary General—Shintaro Abe
Chairman, Executive Council—Masayoshi Ito
Chairman, Policy Affairs Research Council—Michio Watanabe

Ambassador to the United States—Nobuo Matsunaga
Ambassador to the United Nations—Hideo Kagami

Japan maintains an embassy in the United States at 2520 Massachusetts Avenue NW., Washington, D.C. 20008 (tel. 202–939–6700). Consulates general are in Anchorage, Atlanta, Boston, Chicago, Guam, Honolulu, Houston, Kansas City, Los Angeles, New Orleans, New York City, Portland, San Francisco, and Seattle; honorary consulates general are in Buffalo, Cleveland, Dallas, Denver, Detroit, Miami, Minneapolis, Mobile, Philadelphia, Phoenix, St. Louis, San Diego, and San Juan; and an honorary consulate is in American Samoa.

The Japan National Tourist Organization, at 630 Fifth Avenue, New York, N.Y. 10111, also maintains offices in Chicago, Dallas, San Francisco, Los Angeles, and Honolulu.

POLITICAL CONDITIONS

Japan is one of the most politically stable of all postwar democracies, ruled for more than 35 years by moderate and conservative political interests. A generally close cooperation among politicians, an efficient and dedicated bureaucracy, and the business community have given cohesion to national policymaking. The political organization representing Japanese moderate conservatism is the Liberal Democratic Party (LDP). The party is actually a coalition of several well-organized factions, the success of which depends on the factional leader's ability to obtain a position of power in the cabinet or party. Interest in sustaining conservative control of the government has maintained the unity of these LDP factions since the party's founding in 1955 through the merger of two smaller parties.

The largest of the four opposition parties is the Japan Socialist Party (JSP). Continuing ideological conflict between the Marxist class-struggle approach of its left wing and the more pragmatic approach of the right wing has kept the JSP from strengthening its own position in the Diet, while disputes with other opposition parties have frustrated attempts to form more than temporary, local-level alliances. The JSP's main support comes from the 3 million-member General Federation of Trade Unions (Sohyo). Although opposed to Japan's security relationship with the United States, the JSP is moving to strengthen its ties with the United States.

The Komeito (Clean Government Party) is a political affiliate of the Buddhist Soka Gakkai sect but has attempted to expand its base beyond the sect. The party grew rapidly in its early years but membership has leveled off. The Komeito is moderate but has joined the other opposition parties in parliamentary maneuvers against the LDP.

The Democratic Socialist Party (DSP) is a moderate socialist party patterned after the European social democrats. Its membership broke away from the JSP in 1960. Much of its support is from private sector labor unions.

No longer stridently revolutionary, the Japan Communist Party (JCP) rejects close ties with the Soviet Union and espouses a parliamentary road to power like the major West European communist parties. However, it remains hostile to the United States. It is unlikely that the JCP will ever have a broad electoral base.

The LDP has ruled Japan continuously since its founding in 1955. Although Japanese politics are stable, the LDP cannot take its parliamentary majority for granted. In the 1983 Lower House elections, the LDP lost its majority and was able to form a working majority within the Diet only after successful independent candidates joined the party and the New Liberal Club (now disbanded) joined the LDP in a coalition government. The LDP counts on the inability of its opponents to unite. Its excellent overall performance in the economy has improved the lot of the people in the postwar era, and it is still the only party that a majority of the public seems to trust to manage the economy.

This was reflected in the LDP's overwhelming victory in the July 1986 "double" elections for the Upper and Lower Houses of the Diet—it won 49.4% of the popular vote and 304 of the 512 Lower House seats. In the less powerful Upper House, the LDP now controls 143 of the 252 seats. All other political parties lost seats in the Lower House except the JCP, which remained even at 27, and the United Social Democratic party, which gained a seat, to 4. The JSP, the largest opposition party, fell from 113 to 86 seats, while the Clean Government Party (Komeito) dropped 2 seats to 57. The Democratic Socialist Party fell from 39 to 26, and the New Liberal Club from 8 to 6. It subsequently disbanded, and 5 of its 6 Lower House members rejoined the LDP.

Noboru Takeshita became prime minister in November 1987. In his selections for both senior party positions and cabinet ministers, Takeshita demonstrated continuity in policy from the preceding Nakasone administration. Takeshita also reaffirmed that U.S.-Japan relations would remain the cornerstone of Japan's foreign policy.

ECONOMY

Japan has few natural resources, and only 19% of its land is suitable for cultivation. The agricultural economy is highly subsidized and protected. With great ingenuity and technical skill, resulting in per hectare crop yields among the highest in the world, Japan maintains an overall agricultural self-sufficiency rate of about 70% on fewer than 5.6 million cultivated hectares (14 million acres). Japan produces a slight surplus of rice but imports large quantities of wheat, sorghum, and soybeans, primarily from the United States.

Hydroelectric power, although highly developed, accounts for only about 5% of Japan's energy supplies. Coal is found principally on Hokkaido and Kyushu but supplies only 15% of Japan's requirements. Coal mining is expected to decline further as industrial users refuse to continue to purchase domestic coal at two to three times the price of imported coal. Gold,

Travel Notes

Japan is one of the countries participating in the Nonimmigrant Visa Waiver Pilot Program. As such, visitors to Japan for either tourism or business for a period of less than 90 days who possess round-trip or onward tickets on a participating carrier do not need visas. This program expires September 30, 1991, unless it is extended by legislation. Meanwhile, for all other types of travel, including official business, a visa is required and must be obtained from a Japanese consulate or embassy before departure.

Travelers transiting Japan for less than a 72-hour stay may routinely apply for a special landing permit upon arrival, provided their passport is properly visaed for onward travel and entry and departure are from the same international airport. If travelers are in any doubt regarding specific transit plans, a visa should be obtained before departure. No immunization is neccessary for travel to Japan from the United States.

Detailed tourist information can be obtained from the Japan National Tourist Organization, 630 Fifth Avenue, New York, N.Y. 10111.

Above: The port of Tokyo is one of the leading in Japan. Much of its land area has been reclaimed.

Right: Hitachi Tohuku factory—VCR assembly line.

Below: Fish shop, Kichijoji.

magnesium, and silver meet current minimum requirements, but Japan is dependent on foreign sources for many of the minerals essential to modern industry. Iron ore, coking coal, copper, and bauxite must be imported, as well as many forest products.

Japan's exports earn only about 13% of its gross national product (GNP), much less than the percentage of other trading nations. Although small in terms of GNP, the Japanese traditionally have seen this trade as necessary for earning the foreign exchange needed to purchase raw materials for their advanced economy.

Japan's reservoir of industrial leadership and technicans, its intelligent and industrious work force, its high savings and investment rates, and its intensive promotion of industrial development and foreign trade have resulted in a mature industrial economy. Along with North America and Western Europe, Japan is one of the three major industrial complexes among the market economies.

Compared with the performance of most industrial nations over the past several years, the Japanese economy has performed well. Oil imports have declined steadily as Japan has adjusted to the higher price levels, and real economic growth has continued. Japan's era of double-digit growth appears to be over, although its growth rates still are among the highest of the developed countries.

Transportation

Japan has a well-developed international and domestic transportation system, although highway development still lags. Tokyo and Osaka International Airports and the ports of Yokohama, Osaka, Kobe, and Nagoya are important terminals for air and sea traffic in the western Pacific.

The domestic transportation system depends on the government-owned rail network. Rail transportation is supplemented by private railways in metropolitan areas, a developing highway system, coastal shipping, and several airlines. The rail system is efficient and well distributed and maintained throughout the country. The super express "bullet trains" take as little as 3 hours between Tokyo and Osaka, a distance of 520 kilometers (325 mi.).

Labor

Japan's labor force consists of approximately 60 million workers, 40% of whom are women. Members of labor unions number about 12.2 million, or about 27% of the nonagricultural labor force.

Rengo (Japanese Private Sector Trade Union Confederation), formed in November 1988, represents 5.5 million workers. Sohyo (General Federation of Labor) consists mainly of unions in the public sector; it has 3 million members. Under an agreement reached in 1988, Sohyo and Rengo are to merge in late 1989.

U.S.-Japanese Trade

The U.S. and Japanese economies are increasingly interdependent. Japan is the United States' largest trading partner after Canada, with more than $130 billion worth of goods flowing between the two countries in 1988. Japan purchased about $38 billion in U.S. products in 1988, more than U.S. exports to the United Kingdom and West Germany combined. Japan is the best market for U.S. farm products, buying more than $5 billion annually. U.S. exports to Japan are not just raw materials and food; however, nearly half are manufactures. Japan is the first or second best market for many U.S. manufactures, including chemicals, pharmaceuticals, photo supplies, commercial aircraft, nonferrous metals, plastics, and medical and scientific supplies.

However, the growing U.S. trade deficit with Japan is a source of major concern. The deficit in 1988 is expected to be $54 billion, down from $60 billion in 1987. Nevertheless, an important and troubling part of the deficit with Japan is caused by Japanese market restrictions.

Strong protectionist pressures and the desire for greater access to the Japanese market have spurred intensive U.S. Government efforts to urge Japan to continue opening markets. At their January 1989 meeting in Washington, President Bush and Prime Minister Takeshita reviewed progress achieved in balancing both economies, and in further opening Japan's market to U.S. goods and services. Both recognized the need for additional efforts in these areas.

U.S.-Japan trade talks have focused on four sectors where U.S. products are highly competitive—telecommunications, electronics, forest products, and medical equipment/pharmaceuticals. Although important progress has been made, more action is required in order to strengthen the U.S.-Japanese trade relationship. Additional sector talks will continue.

Impediments to trade in services have become prominent on the U.S.-Japan agenda in recent years as barriers to trade in goods have fallen. Major success has been achieved in securing Japanese commitments to foreign participation in Japan's legal services, public works, telecommunication network services, and financial markets. A number of restrictions in civil aviation and other services are the subject of ongoing talks.

Concerned by foreign criticism of its large current account surpluses, Japan has taken steps to reorient its economy away from exports toward greater reliance on domestic demand for economic growth. Over time, structural change should redress many of the root causes of Japan's trade imbalance with the United States and other trading partners.

There are considerable investment flows between the United States and Japan. U.S. direct investment in Japan rose by $3 billion from 1986 to 1987, much of it largely in finance, banking, and manufacturing. The total stock of U.S. direct investment in late 1987 totaled $14.3 billion. Japanese direct investment in the United States expanded by $6.6 billion in 1987 over 1986 with substantial increases in real estate, finance, and manufacturing. The total stock of Japanese direct investment in the United States at the end of 1987 was $33.4 billion.

DEFENSE

After World War II, the Allies disarmed and occupied Japan. Article IX of the Japanese constitution provides that "land, sea, and air forces, as well as other war potential, will never be maintained." During the Korean war, this position was modified by the establishment of a national police reserve force. Before the end of the occupation in April 1952, the first steps had been taken to expand and transform the force into the Self-Defense Force (SDF). At the same time, the Japanese Government derived from Article 51 of the UN Charter the doctrine that each nation has the right of self-defense against armed attack and that this right is consistent with Article IX of the Japanese Constitution.

In 1954, the Japan Defense Agency was created with the specific mission of defending Japan against external aggression. Ground, maritime, and air self-defense forces were established under a joint chiefs of staff organization patterned after that of the United States.

The United States and Japan are allied under the terms of the 1960 Treaty of Mutual Cooperation and Security. The security relationship dates from the early 1950s, when Japan was virtually defenseless. A security treaty and the peace treaty were negotiated in 1952. The present treaty, revised on a broader basis of equality, came into force on June 23, 1960, and became subject to abrogation by either party upon 1 year's notice in June 1970. At the time, both governments declared their intention to extend the treaty indefinitely.

The bases and facilities provided by Japan under the treaty do not exist solely for the defense of Japan. They are especially important to U.S. ability to maintain commitments to Japan and other allies in East Asia. U.S. military assistance to Japan was terminated at the end of 1967. Since 1952, U.S. military forces in Japan have decreased from more than 260,000 to the present level of about 60,000, more than half of whom are stationed in Okinawa. For Japan, the treaty provides a strategic guarantee against external attack.

As U.S. forces were withdrawn, the Japanese SDF expanded its capabilities and has assumed primary responsibility for the immediate conventional defense of Japan. Japan's defense roles and missions, which the United States supports, are the defense of its homeland, territorial seas and skies, and sea lines of communication out to 1,000 nautical miles. Japan has been increasing its defense budget annually and continues to make qualitative force improvements. Japanese forces are barred by law from overseas operations. As a matter of policy, Japan has foresworn nuclear armaments and forbids arms sales abroad.

In addition to support for its own forces, Japan also provides bases and facilities to U.S. forces in Japan and contributes more than $2.5 billion annually to maintain them, or more than $40,000 per service member.

In recent years, the Japanese public has shown a substantially greater awareness of security issues and increasing support for the security treaty and the SDF. However, there are still significant political and psychological constraints on strengthening Japan's defense. An important minority in Japan advocates strict interpretation of Article IX of the constitution. More generally, there continues to be a strong underlying antipathy, resulting from Japan's experience in World War II, toward military matters.

FOREIGN RELATIONS

Japan is a major economic power not only in Asia but in the world. Japanese foreign policy since 1952 has aimed at promoting peace and prosperity for the Japanese people by working closely with the West and through strong support for the United Nations. Japan has diplomatic relations with nearly all independent nations and has been an active member of the United Nations since 1956.

Although a military role for Japan in international affairs is precluded by its constitution and government policy, Japanese cooperation through the U.S.-Japan security treaty has been important to the peace and stability of East Asia. All Japanese governments in the postwar period have relied on a close relationship with the United States as the foundation of their foreign policy and on the mutual security treaty for strategic protection. In recent years, within the context of a close relationship with the United States, Japan has diversified and expanded its ties with other nations.

Further Information

The following titles are provided as a general indication of material published on this country. The Department of State does not endorse unofficial publications.

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Japan's primary interests traditionally have been in Asia, and good relations with its neighbors continue to be of vital interest to Tokyo. After the signing of the peace and friendship treaty with China in 1978, ties between Tokyo and Beijing developed rapidly. The Japanese have extended significant economic assistance to the Chinese in various modernization projects. At the same time, Japan has maintained economic but not diplomatic relations with Taiwan and with South Korea, where a strong bilateral trade relationship thrives.

Although the Japanese have sought to improve relations with the Soviet Union, relations between Tokyo and Moscow have never been close, because the Soviets continue to occupy the Northern Territories—small islands off the coast of Hokkaido that have been occupied by the U.S.S.R. since the end of World War II. The Japanese reacted strongly to the Soviet invasion of Afghanistan and supported various initiatives, including boycotting the Moscow Olympics, to express criticism of this action.

The Japanese have pursued a more active foreign policy in recent years, recognizing the responsibility that accompanies Japan's economic strength. Japan has expanded its ties with the Middle East, which provides most of its oil. The Japanese also have been increasingly active in Africa and Latin America and have extended significant support to multilateral development projects in both regions.

Development assistance is one of the three pillars of Prime Minister Takeshita's foreign policy. Japan is likely to become the world's largest aid donor in 1989, surpassing the United States. In 1987, Japan disbursed $7.4 billion in development assistance, or 0.31% of Japan's GNP.

U.S.-JAPANESE RELATIONS

The close and cooperative relationship with Japan is the cornerstone of U.S. policy in Asia and the basis of a strong, productive partnership in addressing global issues. Despite different social and cultural traditions, Japan and the United States have much in common. Both have open, democratic societies, high literacy, freedom of expression, multiparty political systems, universal suffrage, and open elections. Both have highly developed, free market industrial economies and favor an open and active international trading system.

President Bush and Prime Minister Takeshita reaffirmed the vital importance of U.S.-Japan relations to peace and prosperity in the world. Given Japan's economic power and its growing international role, it clearly has become one of the most important countries to the United States.

Bilateral trade problems attract significant attention and often generate considerable controversy within the relationship. The United States is working hard to achieve greater access to Japan's markets and has made some progress. At the same time, trade problems represent only one part of an extremely broad and important relationship. Overall U.S. policy toward Japan transcends these issues and is based on three principles.

First, the United States has worked to achieve a close bilateral relationship with Japan as an equal partner. The past decade has brought a significant expansion of Japan's economic and technological prowess, an increase in its defense awareness and capability, and a greater interest and involvement in international political and economic affairs. Although there still are differences in their relative political, economic, and military positions in the world, both nations approach and conduct their relationship as equals.

Second, because of the two countries' combined economic and technological impact on the world—together accounting for 40% of world GNP and 60% of the Western industrialized nations' GNP—the U.S.-Japan relationship has become global in scope. Although in the past the partnership has been measured primarily in economic and technological terms, in the future it will have a larger political dimension as Japan assumes a greater international role and associates itself more actively and closely with Western political and security goals.

Third, Japan is becoming increasingly assertive in global matters and is forging a wider international role. During most of the postwar period, Japan played an international role similar to that followed throughout most of American history—pursuing economic interests while eschewing political involvement. But particularly since the events in Iran and the Soviet invasion of Afghanistan in 1979, the Japanese have come to realize that their own well-being is affected directly by political and security developments elsewhere in the world.

The United States encourages this trend toward a broader international political and economic role by Japan, within the framework of a continued close bilateral relationship. The United States has called for an "international partnership" with Japan, in which the combined efforts of the two countries can be utilized to promote peace and prosperity throughout the world.

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